

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Financial Services of Winger, Inc. (FSW), the holding company for Ultima Bank Minnesota (UBM)

Point of Contact:	Mark Fintad, CFO for FSW and President of UBM	RSSD: (For Bank Holding Companies)	1127276
UST Sequence Number:	1206	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,742,000	FDIC Certificate Number: (For Depository Institutions)	8867
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	July 31, 2009	City:	Winger
Date Repaid ¹ :	N/A	State:	Minnesota

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

We were able to grow our loan volume \$8.4 million or 9.5% in 2010.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Loan growth was largely centered in our Agriculture portfolio with Agricultural Real Estate up 18% and Agricultural Loans up 13%. 1-4 Family Residential Loans were up 8.7%.

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☐ Increase securities purchased (ABS, MBS, etc.).

☒ Make other investments.

FSW purchased \$427,000 of other real estate from its subsidiary bank in 2007 and, as of 12/31/10, held that real estate and \$782,000 in cash available for further investment in UBM or other needs. A small portion of the CPP was used for FSW debt service.

☒ Increase reserves for non-performing assets.

Loan loss reserves increased \$41,000 or 3% during 2010.

☐ Reduce borrowings.

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☒ **Increase charge-offs.**

Net charged off loans in 2010 were \$574,000.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☒ **Held as non-leveraged increase to total capital.**

\$2,050,000 of the CPP funds funds received were used to increase equity capital in UBM. This raised our equity capital to assets ratio to about 10%. During 2010, equity capital ranged from 9.5% to 10.5% with the average maintaining near 10%.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to avoid curtailing new loan growth. Quality loan demand remains significant in our market area and we have seen some competitors restrict or cease loan activities all together.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The CPP has given us a chance to finance growth within our existing customer base and pick up quality new customers all while maintaining a strong equity position and adequate reserve for loan loss.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

We have extended more favorable terms to several family home owners in an effort to keep them in their homes.